GOVERNMENT OF INDIA
STEEL
LOK SABHA

STARRED QUESTION NO:335
ANSWERED ON:06.09.2007
NATIONAL STEEL POLICY
Patel Shri Kishanbhai Vestabhai;Singh Shri Sugrib

Will the Minister of STEEL be pleased to state:

(a) the details of various constraints being faced by the steel industry;

(b) whether the Government has formulated a National Steel Policy;

(c) if so, the details thereof; and

(d) the extent to which the new policy has been able to address the problems of the steel sector?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS AND MINISTER OF STEEL (RAM VILAS PASWAN)

(a) to (d): A Statement is laid on the Table of the Lok Sabha.

STATEMENT REFERRED TO IN REPLY TO PARTS (A) TO (D) OF THE LOK SABHA STARRED QUESTION NO. 335 TO BE ANSWERED ON 6TH SEPTEMBER,2007 TABLED BY S/SHRI SUGRIB SINGH AND KISHANBHAI V. PATEL, MEMBERS OF PARLIAMENT REGARDING NATIONAL STEEL POLICY.

(a) The major constraints being faced by the steel industry in the country are linkages of raw materials such as iron ore, coking coal, non-coking coal and natural gas on a long-term basis; inadequate infrastructure especially in transport sector and bottlenecks like delay in acquisition of land, allocation of utilities such as power and water, for setting up new projects.

(b) & (c): Yes, Sir. The Government has formulated a National Steel Policy (NSP) in 2005. Salient features of the NSP are at annexure.

(d) The National Steel Policy provides broad directions including identification of demand side as well as the supply side constraints of the steel industry. Some of the achievements made and initiatives taken by the Government under the policy framework include the following:

(i) Steel Public Sector Units have undertaken huge modernization and expansion plans to meet the growing demand of steel in the country. SAIL will expand its capacity from 14.6 million tonnes per annum (2006-07) to 26 million tones per annum by the year 2010-11 of hot metal production. Similarly, Rashtriya Ispat Nigam Ltd. (RINL) will also expand its capacity from present level of 4.05 million tonnes of hot metal per annum (2006-07) to 6.05 million tonnes per annum by 2009-10.

(ii) As per the latest available information, a number of private sector steel investors have signed Memorandum of Understanding (MoU) with various State Governments to set up additional greenfield capacities of nearly 234 million tonnes per annum.

(iii) An Inter-Ministerial Group has been constituted to monitor and coordinate the issues concerning major steel investments in the country related to infrastructure, raw material supply, environmental clearance and other resource constraints.

(iv) A National Steel Promotion Campaign has been launched to promote awareness regarding use of steel, particularly in the rural sector and to boost the demand for steel in the country.

(v) To promote steel usage and increase steel availability in the country public sector steel units i.e. SAIL and RINL have appointed 1093 and 108 dealers respectively at district level broadly covering large areas of the country.

(vi) In order to improve conscious promotion of steel usage, Institute of Steel Development & Growth (INSDAG) is promoting awareness on innovative steel intensive structural designs and disseminating knowledge among the architects, designers and engineers.

Annexure

The salient features of the National Steel Policy (NSP)

The NSP sets out a broad roadmap for the Indian Steel Industry in its journey towards reform, restructuring and globalisation.
The long-term goal of the NSP is that India should have a modern and efficient steel industry of world standards, catering to diversified steel demand. The focus of the policy is to achieve global competitiveness not only in terms of cost, quality and product-mix but also in terms of global benchmarks of efficiency and productivity.
In order to achieve the goal of 110 million tonnes of steel production by 2019-20, the NSP seeks to remove the supply-side constraints to the growth of this industry in an open, globally integrated and competitive environment.
The NSP seeks to adopt a multi-pronged strategy to move towards the long-term policy goal. On the demand side, the strategy would be to create incremental demand through promotional efforts, creation of awareness and strengthening the delivery chain, particularly in rural areas. On the supply side, the strategy would be to facilitate creation of additional capacity, remove procedural and policy bottlenecks in the availability of inputs such as iron ore and coal, make higher investments in R&D and encourage the creation of infrastructure such as roads, railways, and ports.
The NSP acknowledges the low per capita consumption of steel in the country, especially in the rural areas and the need to boost steel consumption to improve quality of life and help in meeting the growing aspirations of masses.
In order to achieve the strategic goal of 110 mT of steel production by 2019-20, the industry would need additional capital. In addition, funds would be required for technological upgrade of existing facilities. In order to mobilize such vast resources NSP seeks to encourage foreign direct investment. In addition the policy also seeks to make the fiscal incentives, available to infrastructure projects, accessible to the steel industry.
The NSP seeks to support developing of risk-hedging instruments like futures and derivatives to contain price volatility in the steel market.
The NSP seeks to strengthen the existing training and research facilities available to the domestic steel industry so as to provide suitable training programmes especially for the secondary small-scale units and also to collect and analyze data on important parameters of the industry.
The NSP seeks to mount aggressive R&D efforts to create manufacturing capability for special types of steel, substitute coking coal, use iron ore fines, develop new products suited to rural needs, enhance material and energy efficiency, utilize waste, and arrest environmental degradation.
The NSP acknowledges the important role played by the secondary steel sector in providing employment, meeting local demand of steel in rural and semi-urban areas, and meeting the country's demand of some special products and seeks to endeavour to provide the necessary feedstock to these units at reasonable prices from major plants through the existing mechanism of State Small Industries Corporations.
The NSP recognizes the fact that integration of the Indian steel industry with the global economy requires that the industry should be protected from unfair trade practices, which become common especially during periods of downturn. The NSP therefore, envisages institution of mechanisms for import surveillance, and monitoring export subsidies in other countries.